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SUBJECT: APPARENT DOMESTIC CONSENSUS ON PLAN FOR CROATIA-SLOVENIA  
DISPUTES

Ref: A) LJUBLJANA 342; B) ZAGREB 122

¶1. SUMMARY: In what was portrayed as a breakthrough in its long-standing border dispute with its northern neighbor, Croatian PM Ivo Sanader joined Slovenian PM Janez Jansa after a meeting at Lake Bled on August 26 to announce bilateral agreement to refer the dispute to the International Court of Justice (ICJ) in The Hague for resolution. Prior to meeting with his Slovenian counterpart, Croatian PM Sanader sought and received the backing of opposition parties in the Croatian parliament. This denouement comes after years of false starts and what have come to be regular contretemps between two neighbors that otherwise enjoy strong bilateral relations. Under the terms of the deal, only the maritime boundary and disputed points on the land border will be referred to the ICJ, effectively de-linking other contentious issues, such as Croatian deposits in the defunct Ljubljanska Banka and disagreements over disposal of nuclear waste from the jointly-owned reactor in Krsko, Slovenia. End Summary.

¶2. Croatian PM Sanader and Slovenian PM Jansa reached a deal on August 26 to refer the border dispute between the two countries to the ICJ in The Hague. This agreement comes after years of heated rhetoric and failed attempts to find a solution. The main issue concerns the maritime boundary, which was never established between the two former Yugoslav republics. However, there are also several contested points along the land border, sovereignty over which both sides claim with the aid of historical documents and maps.

¶3. Sanader, clearly cognizant of the failed attempt by his predecessor to reach an agreement in 2003, obtained consensus on the Croatian position from opposition leaders in the parliament prior to his meeting with Jansa. With campaigns for the November parliamentary elections already under way in Croatia, keeping such a sensitive issue out of the political arena was crucial for Sanader's ability to present a credible position.

¶4. As the terms of the deal have been reported, only the border disputes between the two countries will be referred to the ICJ. Other open issues, such as the losses incurred by Croatian depositors of the now-defunct Ljubljanska Banka and the disposal of radioactive waste from the jointly-owned nuclear power plant in Krsko, Slovenia, will continue to be the subject of bilateral negotiations.

¶5. COMMENT: As an EU candidate country facing the prospect of a Slovenian presidency of the EU in the first half of 2008, Croatia has felt acute pressure to resolve its border issues with Slovenia for fear that its accession negotiations could suffer. Although this agreement should ease those fears, the Government says it still plans to implement a decision to create a protected fishing zone on the Croatian side of the Adriatic as of January 1, 2008, a move that has caused friction with Italy as well as Slovenia. Croatia believes that this issue has resulted in a hold being placed on the opening of the "Fisheries" chapter of its EU accession negotiations, but appears to be following a strategy of trying to handle each of its bilateral disputes with Slovenia separately. END COMMENT.

